



***Program Compliance Office  
Cal Grant Program Review Report***

***2000-01 Award Year***

**West Valley College  
Program Review ID#90200133800**

**14000 Fruitvale Avenue  
Saratoga, CA 95070**

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**Program Review Dates:**

September 2002

**Auditor:**

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(916) 526-6469

**Report Approved by:**

Charles Wood, Manager  
Program Compliance Office  
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## AUDITOR'S REPORT

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### SUMMARY

We reviewed West Valley College' administration of California Student Aid Commission (Commission) programs for the 2000-01 award year.

The institution's records disclosed the following deficiencies:

- Non-Compliance with the Commission's Information Security and Confidentiality Agreement
- Renewal Unmet Need Calculated Incorrectly
- Interest Earned on Cal Grant Funds Not Returned to the Commission

### BACKGROUND

Through institution compliance reviews, the administration of Commission programs is evaluated to ensure program integrity with applicable laws, policies, contracts and institutional agreements as they pertain to the following grant programs administered by the Commission:

Cal Grant

B and C

The following information, obtained from the institution and Commission database, is provided as background on the institution:

#### A. Institution

- Type of Organization: Institute of Higher Education, Public
- President: Dr. Marchelle Fox
- Accrediting Body: Western Association of School & Colleges (WASC)
- Size of Student Body: 10,000

#### B. Institutional Persons Contacted

- Maureen Kent: Financial Aid Director
- Pat Minicucci: Accounting Officer at the District Office

#### C. Financial Aid

- Date of Prior Commission Program Review: None
- Branches: None
- Financial Aid Programs: Federal: Family Education Loan Program; Workstudy; Pell; and SEOG.  
State: Cal Grant B and C
- Financial Aid Consultant: None

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## AUDITOR'S REPORT (continued)

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### OBJECTIVES, SCOPE AND METHODOLOGY

The purpose of our review is to provide the Commission with assurance that the institution adequately administered the Commission programs and their compliance with applicable laws, policies, contracts and institutional agreements as they pertain to the grant programs administered by the Commission.

The review focused on, but was not limited to, the following areas:

- A. General Eligibility
- B. Applicant Eligibility
- C. Fund Disbursement and Refunds
- D. Roster and Reports
- E. File Maintenance and Records Retention
- F. Fiscal Responsibility and Program Funds

The specific objectives of the review was to determine that:

- Administration systems have adequate controls to ensure that grant funds received by the institution are secure.
- Administration systems have adequate controls to ensure that grant payments are accurate, legal and proper.
- Accounting requirements are being followed.

The procedures performed in conducting this review included:

- Evaluation of the current administrative procedures through interviews and reviews of student records, forms and procedures.
- Evaluation of the current payment procedures through interviews and reviews of student records, forms and procedures.
- Reviewing the records and grant payment transactions from a sample of 15 Cal Grant students who received a total of 12 Cal Grant B and 3 Cal Grant C awards within the review period. The program review sample was randomly selected from the total population of 73 recipients.

This review was conducted in accordance with **Government Auditing Standards** issued by the Comptroller General of the United States. However, the procedures did not constitute a review of the institution's financial statements.

The review scope was limited to planning and performing procedures to obtain reasonable assurance that Commission grant funds were administered according to the applicable laws, policies, contracts and institutional agreements. Accordingly, transactions were examined on a test basis to determine whether grant funds were expended in an eligible manner. The auditor considered the institution's management controls only to the extent necessary to plan the review.

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**AUDITOR'S REPORT (continued)**

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**OBJECTIVES,  
SCOPE AND  
METHODOLOGY  
(continued)**

This report is written using the exception-reporting format, which excludes the positive aspects of the institution's administration of the California grant programs.

The names and social security numbers of the sample of students reviewed have been excluded from the body of this report and have been replaced by identifying numbers. Attachment A is a listing of the students by name, social security number and grant type.

**CONCLUSION**

In conclusion, except for the deficiencies cited in the Findings and Required Actions section of this report, the institution administrated the Commission grant programs in accordance with the applicable laws, policies, contracts and institutional agreements as they pertain to the Commissions grant programs.

**VIEWS OF  
RESPONSIBLE  
OFFICIALS**

The findings were discussed with agency representatives in an exit conference on November 26, 2002. The agency staff concurred with all findings.

November 26, 2002

Charles Wood, Manager  
Program Compliance Office

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## FINDINGS AND REQUIRED ACTIONS

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### A. GENERAL ELIGIBILITY

#### **FINDING: Non-Compliance With The Commission's Information Security and Confidentiality Agreement**

West Valley College was not in compliance with provisions of the Commission's Information Security and Confidentiality Agreement.

#### **DISCUSSION:**

The Grant Delivery System (GDS) Web Grants Information Security and Confidentiality Agreement states, "the institution will notify the Commission in writing within five (5) working days to cancel the password and ID of any employee who ceases employment or whose duties change in any way which would alter his/her authorized need for access to GDS".

During our review of institutional records, it was discovered that the institution had not notified the Commission in writing to cancel the passwords and IDs of two employees who had ceased working for the institution. In addition, one of these two employees was the previous Information Security Officer and Financial Aid Director. As of the last day of fieldwork, the institution has submitted an Information Security and Confidentiality Agreement appointing an Information Security Officer; and, the institution has updated additions of individual external users of the Grant Delivery System.

#### **REFERENCES:**

Commission Special Alert GSA 2000-01, 1/19/00  
Grant Delivery System (GDS) Web Grants Information Security and Confidential Agreement

#### **REQUIRED ACTION:**

No liability resulted from the above finding. Since the institution has notified the Commission of all changes pertaining to the people authorized to access GDS and designated an Information Security Officer with an updated Information Security and Confidentiality Agreement and submitted cancellations of the two individuals' access to GDS, there is no required action. For future reference, the Commission encourages the institution to contact the Commission's Help Desk (916) 526-8989 to cancel the password and ID of employees who ceased employment

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## FINDINGS AND REQUIRED ACTIONS (continued)

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**E. RECORD  
RETENTION AND  
FILE  
MAINTENANCE**

**FINDING: Renewal Unmet Need Calculated Incorrectly**

A review of 15 Cal Grant student files disclosed three instances in which renewal unmet need was calculated incorrectly.

**DISCUSSION:**

Renewal recipients are students who have been initially awarded a Cal Grant in a previous year and have remained eligible in the program. In order to continue to receive a Cal Grant award, recipients must show evidence of financial need at the school they will attend. Schools must calculate a student's unmet need and report the figure to the Commission, retaining supporting documentation within the student's file.

A school may use the Commission's annually established student expense budget to confirm the unmet need of renewal recipients or adopt its own student budget for determining renewal eligibility, provided the budgets do not exceed those used for campus-administered aid. The school must report the resulting unmet need on the Grant Roster or the Commission G-21 form. The renewal unmet need is defined as the student's cost of attendance (COA) minus the Expected Family Contribution (EFC), minus Pell.

A review of the files for the renewal students listed in the table below revealed that the institution erroneously calculated and reported the unmet need to the Commission.

Student No.	Reported Need
4	\$2,484
7	\$8,866
10	\$2,467

**REFERENCES:**

Cal Grant Manual, Chapter 4, pages 4-1 through 4-3

Cal Grant Manual, Chapter 5, pages 5-2, 5-8, 5-15, and 5-16

**REQUIRED ACTION:**

Although no liability resulted from the above finding, the institution is required to submit policies and procedures that would be implemented to ensure that the correct unmet need for renewal Cal Grant recipients is correctly calculated and reported to the Commission.

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## FINDINGS AND REQUIRED ACTIONS (continued)

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### INSTITUTION RESPONSE:

I received your draft report of West Valley College's Program Compliance Review 1D#90200133800. I am responding to Section E., Renewal Unmet Need Calculated Incorrectly that is under my area of responsibility. I have been able to reconstruct the Cost of Attendance and Unmet Need figures for student #10 since sending the Unmet Need response section back in September.

#### #10 Nguyen, Truc-Linh

Cost of Attendance	\$6714 (adjusted to \$9378)
EFC	35
Unmet Need	\$6679 (\$9378 minus 35=\$9343)
Pell Grant	-3250
Seog	-500
FWS	-2740
Bog-W	-365 (\$176 Fall and \$189 Spring)
Health Fee	- 11
Parking Fee	<u>-:10</u>
Unmet Need	\$2467

The unmet need matches the report.

#### Action to be implemented in the future:

The error occurred because there was confusion by certain staff as to what "unmet need" meant. It has been clarified that Pell Grant is the only financial aid program that is to be used in the calculation of unmet need for Cal Grant purposes. A change has been made in the 2003-04 FA Manual that states only Pell Grant is to be used in the calculation of unmet need. I have attached a copy of that page (see top bullet).

The college has changed its financial aid system from SAFERS to Datatel effective Fall 2001. The new system should help reduce errors in reporting.

#### AUDITOR REPLY:

The institution's action is deemed acceptable and no further action is required.



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## FINDINGS AND REQUIRED ACTIONS (continued)

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**F FISCAL  
RESPONSIBILITY**

**FINDING: Interest Earned on Cal Grant Funds Not Returned to the Commission**

Cal Grant funds are held in an interest bearing account which accrues interest owed to the Commission.

**DISCUSSION:**

As indicated in the Institutional Participation Agreement signed by the institution's president, all interest earned on Cal Grant funds must be returned to the Commission on behalf of the State regardless of any agreement between the bank and the institution relative to bank charges or co-mingling of funds. The exception to this is if an invoice is \$5.00 or less, the interest refund is not required.

Our review indicated that the Cal Grant funds are first deposited into a "clearing account" that functions as a "cash box" for the West Valley –Mission Community College District. This account's bank statement states that the type of account is a "Business Checking Interest Plan". According to the Accounting Officer at the College District office, this account earns minimal interest since cash receipts are immediately transferred to the West Valley Mission Community College District treasury account. This account also earns interest according to the Accounting Officer.

Since the institution did not provide proof that interest earned on Cal Grant Funds has ever been returned to the Commission, West Valley College must identify the actual interest earned for Cal Grant funds since both accounts—clearing and treasury—include other institutional funds. At the time of the exit conference, the amount of interest earned is unknown for award year 2000-01.

**REFERENCES:**

Institutional Participation Agreement, Article II.C and III.C.1  
Cal Grant Manual, Chapter 9, page 9-11  
Cal Grant Program Review Survey, page 6

**REQUIRED ACTION:**

Beginning with the 2000-01 award year, the institution must return on behalf of the State of California all interest accrued on Cal Grant funds. If the accrued interest is co-mingled with other institutional funds, then the funds must be differentiated from other financial aid funds. In addition, the school is required to return any Cal Grant interest earned in the subsequent award year 2001-02 with documentation to support amount returned. Please submit payment as directed in the general payment instructions, which can be found at the conclusion of the draft report.

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**FINDINGS AND REQUIRED ACTIONS (continued)**

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In addition, the institution is instructed to provide the written procedures and internal controls that will be put into place to ensure that interest is returned as required. These procedures should include the rate used to calculate Cal Grant interest, the time frame for returning interest, and the titles of staff responsible for ensuring that the interest is returned to the Commission at the minimum of once per award year.

**INSTITUTION RESPONSE:**

I have attached our written procedure for returning any interest earned on Cal Grant Funds. I am also enclosing our warrant for the interest for the fiscal year 2000-2001. An analysis of the fiscal year 2001-2002 is currently underway and we will forward a warrant for the interest from that year as soon as it is complete.

**AUDITOR REPLY:**

The institution's action is deemed acceptable and no further action is required.

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**ATTACHMENT A - STUDENT SAMPLE**

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